

**DAAS Administrative Letter No. 06-7**

**TO:** Area Agency on Aging Directors

**Subject:** Suspension of Funding for Non-Profit Agencies Not in Compliance with Reporting Requirements Specified in G.S. 143-6.2

**Date:** June 5, 2006

General Statute 143-6.2 and the NC Administrative Code Chapter 09 NCAC 03M specify requirements for the use and reporting of state funds received by non-State entities. This law requires that non-State entities not in compliance with reporting requirements be suspended from funding. The definitions of "grantee" and "subgrantee" in G.S. 143-6.2(b) do not include agencies receiving Home and Community Care Block Grant and Older Americans Act Title III funding through area agencies on aging because area agencies on aging are subject to the audit and reporting requirements of the Local Government Commission. However, the position of the Division of Aging and Adult Services is that any non-State entity suspended from funding as specified in 09 NCAC 03M.601 shall also be suspended from receiving funding administered by the Division. The rationale is that non-State entities who fail to meet basic state reporting requirements may represent a significant management risk and thus jeopardize compliance with fiscal and program requirements in the delivery of aging services. We believe this precaution is consistent with our responsibility to be good stewards of public funds.

The Office of State Budget and Management will provide a Suspension of Funding List in June. This list specifying non-State entities barred from receiving state funds will be made available to State agencies through a posting on the Office of State Budget and Management website. The Division will review this list and notify area agencies on aging of any aging service agencies in their regions that are on the Suspension of Funding List. Agencies listed and not in compliance by July 1 will be barred from providing services in SFY 06-07.

To date, the Office of State Budget and Management has not posted the Suspension of Funding List. When this list is posted, the Division will provide the web address to area agencies on aging. Area agencies will be expected to consult the list during the year prior to granting or contracting funds to any non-profit organization.

Please contact Gary Cyrus or Mark Hensley if the Division can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Dennis W. Streets". The signature is fluid and cursive, with the first name "Dennis" and last name "Streets" being more prominent than the middle initial "W".

Dennis Streets, Director  
Division of Aging and Adult Services

**Attachments**

cc:	Jackie Sheppard	Bob Harrell
	Laketha Miller	Don St. Onge
	Scarlet Cardwell	Mark Hensley